INFORMATION LETTER

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HEARINGS BEGIN ON PRICE CONTROL ACT EXTENSION

Bowles Asks Continuance for Eighteen Months—Suggests Amendments

While the House began consideration on Thursday of OPA appropriations for the coming fiscal year as contained in the First Deficiency bill (H. R. 2374), the Senate Banking and Currency committee began hearings on February 27 on S. J. Res. 30 to extend the Emergency Price Control Act for eighteen months. Chester Bowles, OPA Administrator and the first witness, emphasized the necessity for its continuation, pointed out some of its weaknesses, and discussed government goods and subsidies.

The goals of OPA are continued control of prices, maintenance of stable cost of living levels and the effective stabilization of the cost of war materials, Mr. Bowles said, and measured them against the yardstick of wholesale prices and the cost of living according to indices of the Bureau of Labor Statistics.

In the 64 months from August, 1939, to December, 1944, the index on wholesale prices increased 38.7 per cent as against the same period in the last war when prices rose to 114.7 per cent. Since May, 1943, when the "Hold-the-line" order became effective, this index has actually declined one-tenth per cent of a point. The overall cost of living index has increased 1.5 per cent since May, 1943, as against 30.5 per cent for the same period in the first war.

Food prices have declined by 3.9 per cent, Mr. Bowles said, though rent and fuel, electricity and ice have gone up slightly and miscellaneous items, clothing and housefurnishing have increased considerably.

The decrease on food prices was due to the splendid crop weather, the fact that price controls were placed on fresh fruits and vegetables, with a resulting reduction of cost to the consumer, and to food subsidies.

Food production, because of good weather, was up 18 per cent while food produced per acre increased 12 per cent in 1943 over the 1938-42 average. In 1944 food production was up 23 per cent while food produced per acre was increased 14 per cent.

The use of food subsidies to reduce the cost to the ultimate consumer, Mr. Bowles said, resulted in reductions in prices on butter, peanut butter, and meats. It prevented increases on other foods, including canned fruits and vegetables, apples, dried beans, potatoes, prunes, raisins, vegetable oils, truck crops, milk, flour, cheddar cheese, peanuts, soybeans and sugar.

Mr. Bowles said the program for 1945-46 will follow the pricing policies for the past twenty months, and that OPA plan to increase prices only when necessary to keep the ceilings fair and equitable or to secure production of essential goods.

"We have no interest in profits," Mr. Bowles said, "except where a price increase is requested, when we are careful to see that the industry earns at least as much as it did before the war. We set a floor under profits, not a ceiling over them."

On Thursday Mr. Bowles completed his statement by reviewing the amendments written into the OPA Act last year and advising the committee of weaknesses of the laws which the experience of the past year has disclosed. He reaffirmed his protest against the rider in last year's OPA appropriations

(Concluded on page 8543)

Canners to Get Additional Prisoner of War Labor

In order to provide additional labor for farmers and food processors during the 1945 season, the War Department decided March 2 to bring into the United States additional prisoners of war. These additional prisoners will arrive in the United States in time to be of use to farmers and processors by early June. Allotments of prisoners have been made to the Service Commands and Service Commands are now prepared to discuss with canners and agricultural interests the number of prisoners which will be made available in their respective Service Commands. In general, the areas which used prisoner of war labor in 1944 in food processing plants will have available a much greater number of prisoners for 1945 than were available in 1944.

WAGE ADJUSTMENTS UP TO 55-CENT RATE AUTHORIZED

Increases Conditioned on Their Effect on Price Ceilings and Costs

The National War Labor Board on February 28 authorized its Regional Boards to "determine what rate or rates up to 55 cents an hour constitute substandard wage or salary rates in their regions for the purpose of permitting consideration of the proposed adjustments up to the specified minima."

Without in any way limiting the discretion of the Regional Boards to fix lower minimum rates, proposed adjustments of wage or salary rates up to 55 cents an hour may be handled in accordance with the following procedure:

In voluntary cases, where an applicant's proposed rate or rates for one or more job classifications are at or below the appropriate regional substandard minimum rate, such proposed rate or rates may be approved without regard to the wage-bracket rates for such job classifications.

In dispute cases, where the disputed rate or rates for one or more job classifications are below the appropriate regional substandard minimum rate, the Regional Boards in their discretion may take into consideration appropriate prevailing rates in making their determinations.

All wage adjustments made either in voluntary cases or in dispute cases under these instructions are subject to the provisions of Paragraph 2 of the Supplemental Directive of May 12, 1943, which provides:

"All wage adjustments made by the Board which may furnish the basis either to increase price ceilings or to resist otherwise justifiable reductions in price ceilings, or if no price ceilings are involved which may increase the production costs above the level prevailing in comparable plants or establishments, shall become effective only if also approved by the Economic Stabilization Director. The Board shall cooperate with the Office of Price Administration or such other agency as the Economic Stabilization Director may designate with a view to supplying the Economic Stabilization Director with the data necessary to judge the effect of any proposed wage adjustment on price ceilings and the levels of production costs."

INVESTIGATION OF FARM MARKETING IS APPROVED

Study to Cover Commodities in Both Natural and Processed Form

The Flannagan resolution (H. Res. 54) authorizing an investigation of the present system of marketing, transportation and distribution of farm products was approved by the House on Monday, February 26, and Representative Flannagan immediately petitioned the House Committee on Accounts for a hearing on funds.

Provisions of the resolution authorize the House Agriculture Committee or a sub-committee to study and investigate the present system of marketing, transportation and distribution of farm products, in their natural or processed form, from rural areas through the various marketing agencies to the ultimate consumer, as it affects farmers, middlemen, wholesalers, retailers and consumers.

The committee is authorized to hold hearings, to sit and act during the present Congress at any time and place within the United States whether or not the House is in session, to employ as large a staff as may be needed, to require the attendance of witnesses and the production of such books, papers and documents by subpenas, which may be issued by the Chairman and served on any person he designates.

The resolution authorizes a specific study or investigation on these points:

The effectiveness of the present system of marketing, and the adequacy of present marketing facilities, with particular regard to the protection of farmers and consumers.

The effect of transactions on the futures commodities exchanges upon such system and upon farmers and consumers.

The existence of practices in connection with the packing, packaging, grading, inspecting, storing, processing, transporting, distributing or marketing of farm products which adversely affect farmers and consumers.

The existence of any practices in connection with the sale or distribution of insecticides and fungicides, fertilizer, farm machinery and other farm supplies which adversely affect farmers.

Assistance to producers and distributors in establishing improved systems of marketing.

The present and prospective development of the types and methods of transportation for farm products, and the existence, if any, of discrimination in railway-freight or in motor-carrier rates on farm products in the various areas.

The effect of price-support activities on the marketing and distribution of farm products.

The adequacy of present facilities, local, State and Federal, for—

1. Furnishing producers, distributors and consumers with market reports and marketing information.

2. The development of standards and grades.

3. The inspection and certification of the quality and condition of farm products.

4. The development, analysis and publication currently of information showing the costs of marketing farm products through the various channels of distribution.

5. The inspection of meat and meat products and the influence of such facilities on the marketing of livestock.

6. Protecting producers, distributors and consumers from unfair trade practices in the marketing of farm products.

Perfect Shipping Campaign

A nation-wide perfect shipping campaign will be conducted during the month of April as a means of reducing loss and damage of freight in transit, which is estimated to have amounted in 1944 to $60,000,000. Participating in the campaign will be the Association of American Railroads, the Railway Express Agency, the 13 Regional Shippers Advisory Boards with a membership of 23,000 shippers and receivers of freight and express, and other transportation agencies.

An intensive educational campaign will be carried on at local meetings by shipper organizations, traffic and trade bodies, chambers of commerce, and other business groups.

1944 Tomato Pulp Pack

The pack of tomato pulp and puree in 1944, not including pulp packed for remanufacture in the same plant, amounted to 7,097,183 cases of all sizes of containers, according to figures compiled from the entire industry by the Association's Division of Statistics. On the basis 6/10's to the case, the pack in 1944 was 7,075,000 cases, as compared with 5,147,800 cases in 1943.

The 1944 pack by States and principal sizes of containers is shown in the following table:

	24/2's	48/1's	24/2½'s	6/10's	5 gal.	Misc. tin	Total
	Cases	*Cases*	*Cases*	*Cases*	*Cases*	*Cases*	*Cases*
New York	.....	.....	.....	98,735	146,492	.....	245,227
Maryland and Delaware	7,789	162,820	22,552	276,070	44,517	6,000	519,748
New Jersey and Pennsylvania	21,949	32,398	30,000	434,533	183,816	3,000	705,696
Ohio	4,022	30,300	4,000	111,768	29,300	.....	179,390
Indiana	15,525	75,600	455	607,512	124,897	.....	823,998
Michigan	10,267	930	8,214	104,938	42,955	.....	167,304
Utah and Idaho	.....	.....	2,448	240,467	25,349	12,566	280,830
California	60,918	5,542	631,324	2,573,603	259,922	191,401	3,722,800
Other States	207	30,702	.....	262,179	82,532	76,570	452,190
Total	120,677	338,301	698,093	4,709,895	939,780	289,537	7,097,183

Canned Peas Offered for Sale

The War Food Administration is offering for sale to the original processors approximately 20,724 cases of canned peas, another offer against a total of 728,850 cases which are being returned to civilian trade channels as grade and condition are determined. The peas are from the 1942 and 1943 packs.

The original processors will have until 5 p. m., EWT., March 12, to submit offers to purchase. After that date any unsold peas will be offered, through another announcement, to competitive canners. The peas are listed for sale and located as follows:

7,333 cases (24/2's) Extra Standard Sweets—Baltimore, Md., Buffalo, N. Y., and Pittsburgh, Pa.

2,722 cases (24/2's) Extra Standard Alaskas—Buffalo, N. Y.

3,220 cases (24/2's) Standard Alaskas—Toledo, Ohio.

1,922 cases (6/10's) Fancy Sweets—Pittsburgh, Pa.

3,305 cases (6/10's) Extra Standard Sweets—Wilmington, Del., and Pittsburgh, Pa.

Disaster Allowance for Citrus

By Amendment 89 to Maximum Price Regulation 426, the Office of Price Administration has permitted a "disaster" allowance of 50 cents per 1 3/5 bushel container of Florida grapefruit for the period beginning March 1 and ending March 20. At the same time, OPA announced that the "disaster" allowance for Florida tangerines has been reduced five cents from last month, and that the "disaster" allowance on Florida-grown oranges has been eliminated, effective March 1.

The total "disaster" allowance on Florida tangerines now is 15 cents for a 1 3/5 bushel container for the period beginning March 1 and ending March 20.

Since the "disaster" allowance for Florida-grown oranges has been discontinued, this fruit will be priced under the original OPA ceiling prices established for this period.

PROPOSAL FOR DEFINITION OF "AREA OF PRODUCTION"

Summary of Views of Industry and Labor Presented at Wage and Hour Law Hearing

Basic difficulties in defining "area of production" to determine the scope of the exemption granted by Section 13 (a) (10) of the Fair Labor Standards Act again were encountered in the hearing held by the Wage and Hour Administration in New York on last December 12 through 15, according to the record of the hearing which was only recently made available.

It will be recalled that the Wage and Hour Administrator proposed two definitions of "area of production." Both proposals were similar in relying to a large extent upon population to define the area. They were different in that one proposal would also have defined the area in terms of percentages of acreage in a county while the second would have defined the area in terms of dollar value of products in a work week obtained from the "immediate locality." (See INFORMATION LETTER for November 18, 1944.) Neither of these definitions were considered satisfactory by any of the three groups, canners, packers and labor, represented at the hearing.

This hearing, which was held for the purpose of informing the Wage and Hour Administrator of different attitudes concerning the proposals, did not disclose what definition may ultimately be made by the Administrator.

Canners' View

Canners were represented at the hearing by H. Thomas Austern of N.C.A. counsel, who appeared as an observer; Marvin Verhulst of the Wisconsin Canners Association, W. D. Jones, Secretary of the Illinois Canners Association, and C. C. Rathbun, Secretary of the Florida Canners Association. All representatives of the canners were agreed that both proposals were entirely unsatisfactory and that any definition should uniformly affect all canners. Mr. Verhulst particularly emphasized that there should be no discrimination between competing canners and that this uniform treatment was the most important consideration in reaching a definition. This position was also taken by Mr. Rathbun, the representative of the Florida canners, who spoke with particular reference to citrus canning. He urged that all citrus canning plants should be considered to be in the "area of production," but he also agreed that whatever definition is selected should apply uniformly to all canners. No suggested definitions were presented by any representatives of the canning industry.

Fresh Fruit and Vegetable Industry

The greatest difference in position was found between proposed definitions submitted by representatives of the fresh fruit and vegetable packing industry and of labor. The packing group urged that the factors of density of population, size of town, relative wages paid in cities and non-industrial areas and the percentage of acreage in counties were unworkable and irrelevant to the question of defining area of production. They urged a broad definition which would eliminate these factors and would emphasize the relation between direct farming operations and immediate packing operations. It was their consensus that the definition should be worked out on a more individual basis by area and commodities than by the proposed single definition for the entire country.

The chief spokesmen for the packing interests were Samuel Fraser, Secretary of the International Apple Association, and Ivan G. McDaniel, Counsel for the Agricultural Producers' Labor Committee and the Western Growers' Association. Mr. McDaniel presented a tentative definition of "area of production" as including a plant located in a district defined by natural factors producing commercial quantities of a particular commodity and receiving 95 per cent during the work week of the commodity directly from the producing farm, if the commodity is first handled, graded or packed at the plant for marketing in the raw or natural state, and if the plant is not located within the city limits of any major terminal market of the larger cities of the United States as defined by the Department of Agriculture.

Mr. Fraser, who also participated actively in the hearing, presented a broad definition which would define "area of production" as applying to employees performing packing and other operations on fruits and vegetables which come to any establishment in their raw and natural state, if the operations "according to historical practice, are normally and necessarily performed and when such operations are performed in an agricultural community or a city predominantly agricultural in character and prior to their delivery to a terminal or consumer market prepared for distribution."

Labor Views

In contrast to the packing industry suggestions, the proposals submitted by the labor representatives would be much more restrictive and would incorporate to some extent the population factors contained in the Wage and Hour proposed definitions. The labor representatives did, however, join with all other persons appearing at the hearing in opposing the Wage and Hour proposals, but their opposition was based first on the argument that the general philosophy of the Act required the definition to be as narrow as reasonably possible and second upon the unworkability of the proposals.

Boris Shishkin, economist for the American Federation of Labor, declared that the Wage and Hour Administrator either must now make a final decision on definition of area of production, or recommend legislation consistent with the expressed purposes of the Wage and Hour law. The position that labor was opposed in theory to any exemption and that legislation might be necessary to solve the problem of defining "area of production" was reiterated by other labor representatives.

Mr. Shishkin attacked both of the proposed definitions as leading to absurdities and discrimination between both employers and employees. He proposed a definition, which is quoted in full.

"An individual shall be regarded as employed within the area of production within the meaning of Section 13 (a) (10), if he is employed in an establishment.

"(1) which is located in the open country or in rural community, such 'open country' and 'rural community' not including any city or town of 500 or greater population according to the latest available U. S. Census; and

"(2) which normally obtains 95 per cent or more of the annual dollar value of its products from farms in its immediate locality and not more than the distance of 5 miles measured by the shortest usable road; and

"(3) whose annual sales of such commodities are less than $20,000 a year."

It will be noted that this is more limited in every respect than the proposals presented by the Wage and Hour Administrator. Mr. Shishkin stated that under this definition a plant would have to meet all three requirements before its employees would be regarded as employed within an area of production. Mr. Shishkin conceded that the definition would need some clarification in the case of smaller plants which would not have sufficient historical records to determine whether their operations met the $20,000 volume test, and he repeated that the underlying purpose of the definition was to restrict the area of production to what his group considered a truly rural area.

This definition was approved by all of the labor representatives. In addi-

OPA INCREASES POINTS ON MANY CANNED FOOD ITEMS

Ration point values for canned fruit cocktail, peaches, pineapple, pears, tomatoes, and for all canned meats have been raised for the new ration period beginning March 4, while point values for canned fish and canned milk remain unchanged, the Office of Price Administration has announced. Sharp increases in point values for some canned fruits and for canned meats were necessary because of dwindling supplies of these products in packers and distributors hands, OPA said.

Point values have been established for the following canned food items:

	Point Values Old	New
Dairy products:[1]		
Canned milk, including evaporated or condensed milk	1½	1½
Fish:[2]		
Bonito	6	6
Mackerel	4	4
Oysters	2	2
Salmon	6	6
Sardines	4	4
Shrimp	6	6
Tuna	6	6
Yellow tail	6	6
Meats, in tin or glass:[2]		
Pork sausage (bulk or link)	2	5
Chili con carne without beans	0	3
Chili con carne with beans	0	2
Chopped ham	6	8
Corned beef, canned or brick	6	8
Corned beef hash, less than 50% but more than 20% meat	2	3
Deviled ham	3	4
Deviled tongue	0	4
Dried beef	16	16
Ham (whole or piece)	9	10
Luncheon meat	4	6
Meat loaf	0	3
Meat spreads	0	3
Potted and deviled meats	0	2
Roast beef hash	0	3
Sausage in oil	2	3
Spiced ham	6	8
Tamales	0	1
Tongue, beef	0	4
Tongue, pork, veal, or lamb	0	4
Vienna sausage	2	5
Fruits, canned or bottled:		
Apples, No. 2 can	20	10
Applesauce, No. 2 can	30	10
Apricots, No. 2½ can	40	40
Berries, all varieties, No. 2 can	30	30
Cherries, red sour, No. 2 can	40	40
Cherries, all other (excluded maraschino types), No. 2½ can	60	60
Cranberries or sauce (whole strained or jellied), about 16 oz. container	30	30
Figs, No. 2 can	40	40
Fruit cocktail, fruits for salad or mixed fruits, No. 2½ can	60	80
Peaches, No. 2½ can	60	80
Pears, No. 2½ can	60	80
Pineapple, No. 2½ can	60	80
Plums or prunes, No. 2½ can	30	30
Vegetables (including purees):		
Asparagus, No. 2 can	10	10
Beans, green or wax	10	10
Corn (vacuum packed, whole kernel) 12 oz. tin	20	20
Corn (except vacuum packed, whole kernel, exclude corn on cob) No. 2 can	20	20
Peas (exclude soaked dry peas), No. 2 can	20	20
Spinach, No. 2 can	10	10
Tomatoes, No. 2 can	20	30
Juices, fruit and vegetable:		
Grape juice, No. 2 can	20	20
Grapefruit juice, No. 2 can	10	10
Orange-grapefruit juice blended, No. 2 can	10	10
Orange juice, No. 2 can	10	10
Pineapple juice, No. 1 tall	50	50
Tomato juice, No. 2 can	20	20
Vegetable juice combinations (at least 70% tomato juice)	10	10
Home processed juices	20	20
Special products:		
Tomato catsup, or chili sauce, 14 oz. bottle	30	40
Home processed tomato catsup or chili sauce, quart containers, 2 lb.	60	60

[1] 14½ oz. containers.
[2] 1 lb. tin or glass containers.

OPA Cuts Ceiling Prices for Canned Minced Razor Clams

Canners' ceiling prices for minced razor clams packed in No. 1 E. O. containers have been reduced about six cents a can, the Office of Price Administration has announced. The action, effective March 3, through Amendment 3 to Maximum Price Regulation 448, reduces the canner's ceiling from the present $3.25 to $2.75 per dozen. This is the maximum price f.o.b. shipping point nearest the cannery for clams canned in the continental United States, and f.o.b. car at Seattle, Wash., for those canned outside the continental United States.

The reduction in the canner's maximum price for the No. 1 E. O. size was made to restore the normal price differential between that size container and the No. ½ flat can, which is a smaller and more popular size pack, OPA said.

When maximum canners' prices for minced razor clams were first established, the No. ½ flat size was priced at $2.25 per dozen cans—the average of March, 1942, ceiling prices. The price established for the larger No. 1 E. O. container was based proportionately on the greater content, but did not take into consideration the lesser cost of packing the large size cans.

The industry has indicated that normally the price differential between the two sizes did not exceed 50 cents per dozen cans. The amendment will restore the normal price relationship between the two sizes and should help to prevent diversion of packing in the larger size to obtain greater dollar-and-cent return for minced razor clams, OPA added.

George W. Cobb Dies

George W. Cobb, of Montclair, N. J., former vice president of the American Can Company and known to canners throughout the entire country, died in Sebring, Fla., of a heart attack on Tuesday evening, February 27. He was 74 years of age and is survived by a widow, a daughter, and a son, Major G. W. Cobb, Jr.

Mr. Cobb was graduated in 1894 from Colgate University, of which he was a trustee at the time of his death, and started his business career with a canning firm in Fairport, N. Y. He became associated with the Sanitary Can Company, which was a leading factor in the development of the "sanitary" can that superseded the hole-and-cap can of early days.

In 1909 he became vice president of the Sanitary Can Company, which was purchased by the American Can Company in 1913. With the latter company he served as vice president and sales manager for packers cans until he retired in 1932.

Mr. Cobb was a man who combined marked business ability with a genial personality that won him friends in all branches of the canning industry and trade.

February Farm Prices Drop 1%

Farm product prices averaged 116 per cent of parity on February 15 as compared with 117 per cent a month ago and 115 per cent in February, 1944, while the parity index (prices paid by farmers for commodities, interest and taxes) held steady at 172, unchanged from a month earlier when it reached the highest level since 1920, the Bureau of Agricultural Economics has announced. The truck crop price index fell off sharply from January to February, dropping 39 points to 223, while the index of fruit prices rose 6 points to 211.

The index of crop prices dropped 3 points during the month to 197.

Draft Procedure Amended

In a special Supplement to the INFORMATION LETTER, mailed to all canners on February 28, the Association furnished detailed information on the new procedure for making deferments, which was announced in the LETTER for February 24.

Since the issuance of the Supplement, the War Food Administration has advised its field representatives that it is *not* authorized to act as the claimant agency for men engaged in the wholesale and retail distribution of food. Accordingly, the list of industries on page 2 of the Supplement should be so changed.